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Air Force Response
Fundamental Principles and Objectives of the Compensation System

Part I

Question 1: It is Air Force Policy to pay employees equitably and fairly, and, at the same time, make sure that the tax dollars are spent as effectively as possible. See attachment 1. *Not here*

Question 3: The fundamental objectives and principles of the compensation system of the agency are issued under the authorities of Title 5 U.S.C. section 5301.

a. A copy of AFR 40-530, Setting Pay Rates, is at attachment 2. A copy of AFR 40-532, Prevailing Pay for Wage Employees is at attachment 3. Current Performance Management and Recognition System (PMRS) policy guidance is at attachment 4.

b. Air Force regulations are available to employees, managers, supervisors, and to interested persons or organizations outside the Air Force.

Question 4a: See attachment 1. Note: The primary competitors in corporations and companies of the private sector are Defense Contractors especially those involved in research, hardware, and software manufacturing, imagery related (Kodak, Lockheed, Northrop), planning/analytical companies (PRC, Booze Allen, Anser), aerospace companies like Martin Marietta and McDonald Douglas, and companies involved in intelligence and computer related fields (i.e. TEMPEST/program testing analysis). While many companies are multinational corporations, many are small companies offering specialized service such as Southwest Research and Development in San Antonio, Texas.

Question 4b: Conditions Air Force Intelligence faces with respect to the primary competitors:

- 1) Private industry can set pay to meet or beat the competition and can pay an individual based on qualifications rather than rigid pay scales.
- 2) Where there is no pay advantage private industry benefits from the perception of a cumbersome bureaucracy in the Federal service.
- 3) Recruitment and retention of personnel in all technical areas is difficult because of starting salary differential and the continuing differential in the first four years of experience. As an example, private industry salaries begin at \$25,000/\$27,000 to college graduates, while the Air Force can only offer \$18,654/\$21,909. The differential tends to spread as the level increases. Young engineers and computer specialists with less than four years experience are being hired from Air Force for salary increases of \$7,000/\$15,000 more per year by private industry.
- 4) The inability of the government to provide first-time moving expenses for vital occupations (not covered by OPMs hard to fill criteria) puts Air Force at a distinct disadvantage when competing with private industry.

5) Prior military members have historically been a valuable recruitment source especially in those areas of expertise unique to the intelligence community. Unfortunately the salary differential and benefits offered by private industry (especially Defense Contractors) far exceed those offered by the government. In addition the Dual Compensation Act (P.L. 88-448) makes it very difficult to attract high quality regular officers and warrant officers to work for the government. Not only can they get better benefits/salaries with private industry - but they don't have to forfeit any of their military retirement pay.

6) When trying to recruit employees, rigid security requirements are a definite deterrent. In addition candidates get discouraged about the length of time it takes to get a clearance and often obtain other employment.

7) The current classification and compensation systems do not give any value or credit to the responsibility of handling and safeguarding classified information. For example clerical personnel can obtain other federal/private employment usually at a higher pay level that do not require the responsibility of handling classified information.

8) Air Force has HUMINT and Counter-Intelligence Specialists performing sensitive assignments overseas. Unlike CIA and NSA, Air Force is unable to offer any additional benefits or compensation.

9) Benefits offered by the government in the areas of quality of life issues and health benefits has not kept pace with those of private industry.

10) Private Industry offers to pay for both bachelors degree and advanced degree. Recruiters at the Electronic Security Command indicate that 90% of the private industry companies will pay for some or all of the cost of an advanced degree.

11) Currently many of the positions in Air Force Intelligence are in the competitive service. Applicants have to go through the normal Office of Personnel Management procedures to be referred for positions. Many high quality candidates find that the whole system is too bureaucratic and time consuming. As a result they go to work for private industry-who often can not only make on-the-spot offers, but can then actually hire them in a relative short period of time. Often even though a candidate is really motivated to work for the government, they discover that they can't afford to wait for the government position.

12) The DIA, NSA, and CIA are exempt from many Office of Personnel Management provisions. This has enabled them to create personnel systems that are responsive to the needs of their intelligence missions. As a result they can offer more attractive and flexible employment and career opportunities.

4C. Primary Source of data is the Bureau of Labor Statistics when an installation identifies a recruitment retention problem they conduct wage surveys to support special rate request to OPM. While there is no centralized effort in Air Force Intelligence, various commands/organizations programs to determine what labor market competitors are offering.

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1. Questionnaire
2. AFR 40-530
3. AFR 40-532
4. PMRS